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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

[A-570-983]

Drawn Stainless Steel Sinks from the People's Republic of China: Antidumping Duty Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*.]

SUMMARY: The Department of Commerce ("Department") preliminarily determines that drawn stainless steel sinks ("drawn sinks") from the People's Republic of China ("PRC") are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Tariff Act of 1930, as amended ("the Act"). The period of investigation ("POI") is July 1, 2011, through December 31, 2011. The estimated margins of sales at LTFV are shown in the "Preliminary Determination" section of this notice. The final determination will be issued 135 days after publication of this preliminary determination in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Frances Veith or Eve Wang, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4295 or (202) 482-6231, respectively.

SUPPLEMENTARY INFORMATION:

Scope of the Investigation

The products covered by the scope of this investigation are drawn stainless steel sinks with single or multiple drawn bowls, with or without drain boards, whether finished or

unfinished, regardless of type of finish, gauge, or grade of stainless steel. Mounting clips, fasteners, seals, and sound-deadening pads are also covered by the scope of these investigations if they are included within the sales price of the drawn stainless steel sinks.¹ For purposes of this scope definition, the term “drawn” refers to a manufacturing process using metal forming technology to produce a smooth basin with seamless, smooth, and rounded corners. Drawn stainless steel sinks are available in various shapes and configurations and may be described in a number of ways including flush mount, top mount, or undermount (to indicate the attachment relative to the countertop). Stainless steel sinks with multiple drawn bowls that are joined through a welding operation to form one unit are covered by the scope of the investigations. Drawn stainless steel sinks are covered by the scope of the investigations whether or not they are sold in conjunction with non-subject accessories such as faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories.

Excluded from the scope of the investigations are stainless steel sinks with fabricated bowls. Fabricated bowls do not have seamless corners, but rather are made by notching and bending the stainless steel, and then welding and finishing the vertical corners to form the bowls. Stainless steel sinks with fabricated bowls may sometimes be referred to as “zero radius” or “near zero radius” sinks.

The products covered by these investigations are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under statistical reporting number 7324.10.0000 and 7324.10.00.10. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

¹ Mounting clips, fasteners, seals, and sound-deadening pads are not covered by the scope of these investigations if they are not included within the sales price of the drawn stainless steel sinks, regardless of whether they are shipped with or entered with drawn stainless steel sinks.

Methodology

The Department has conducted this investigation in accordance with section 731 of the Act. Export prices have been calculated in accordance with section 772 of the Act. Because the PRC is a nonmarket economy within the meaning of section 771(18) of the Act, normal value (“NV”) has been calculated in accordance with section 773(c). Specifically, the Department preliminarily selected Thailand as the surrogate country, which is economically comparable to the PRC and is a significant producer of comparable merchandise. Thus, we calculated NV using Thai prices, when available, to value the respondents’ factors of production (“FOPs”).

For a full description of the methodology underlying our conclusions, please see “Decision Memorandum for Preliminary Determination for the Antidumping Duty Investigation of Drawn Stainless Steel Sinks from the People’s Republic of China,” (“Preliminary Decision Memorandum”) from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations to Paul Piquado, Assistant Secretary for Import Administration, dated concurrently with this determination and hereby adopted by this notice. The Preliminary Decision Memorandum is a public document and is made available to the public via Import Administration’s Antidumping and Countervailing Duty Centralized Electronic Service System (“IA ACCESS”). IA ACCESS is available to registered users at <https://iaaccess.trade.gov> and in the Department’s Central Records Unit, located at room 7046 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be found on the Internet at <http://www.trade.gov/ia/>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Preliminary Determination

The preliminary weighted-average antidumping duty (“AD”) margin percentages are as follows:

<u>Exporter</u>	<u>Producer</u>	<u>Percent Margin</u>
Zhongshan Superte Kitchenware Co., Ltd. / Zhongshan Superte Kitchenware Co., Ltd. invoiced as Foshan Zhaoshun Trade Co., Ltd	Zhongshan Superte Kitchenware Co., Ltd.	63.87%
Guangdong Dongyuan Kitchenware Industrial Co., Ltd.	Guangdong Dongyuan Kitchenware Industrial Co., Ltd.	54.25%
B&R Industries Limited	Xinhe Stainless Steel Products Co., Ltd and Jiamen XHHL Stainless Steel Manufacturing co., Ltd.	59.06%
Elkay (China) Kitchen Solutions, Co., Ltd.	Elkay (China) Kitchen Solutions, Co., Ltd.	59.06%
Feidong Import and Export Co., Ltd	Jiangmen Liantai Kitchen Equipment Co.; Jiangmen Xinhe Stainless Steel Product Co., Ltd.	59.06%
Foshan Shunde MingHao Kitchen Utensils Co., Ltd.	Foshan Shunde MingHao Kitchen Utensils Co., Ltd.	59.06%
Franke Asia Sourcing Ltd.	Guangdong YingAo Kitchen Utensils Co., Ltd.; Franke (China) Kitchen System Co., Ltd.	59.06%
Grand Hill Work Company	Zhongshan Xintian Hardware Co., Ltd.	59.06%
Guangdong G-Top Import and Export Co., Ltd	Jiangmen Jin Ke Ying Stainless Steel Wares Co., Ltd.	59.06%
Guangdong Yingao Kitchen Utensils Co., Ltd.	Guangdong Yingao Kitchen Utensils Co. Ltd.	59.06%
Hangzhou Heng's Industries Co., Ltd.	Hangzhou Heng's Industries Co., Ltd.	59.06%
J&C Industries Enterprise Limited	Zhongshan Superte Kitchenware Co., Ltd.	59.06%
Jiangmen Hongmao Trading Co., Ltd	Xinhe Stainless Steel Products Co., Ltd.	59.06%
Jiangmen New Star Hi-Tech Enterprise Ltd.	Jiangmen New Star Hi-Tech Enterprise Ltd.	59.06%
Jiangmen Pioneer Import & Export Co., Ltd	Jiangmen Ouert Kitchen Appliance Manufacturing Co., Ltd.; Jiangmen XHHL Stainless Steel Manufacturing Co., Ltd.	59.06%
Jiangxi Zoje Kitchen & Bath Industry Co., Ltd.	Jiangxi Offidun Industry Co. Ltd.	59.06%

<u>Exporter</u>	<u>Producer</u>	<u>Percent Margin</u>
Ningbo Oulin Kitchen Utensils Co., Ltd.	Ningbo Oulin Kitchen Utensils Co., Ltd.	59.06%
Primy Cooperation Limited	Primy Cooperation Limited	59.06%
Shunde Foodstuffs Import & Export Company Limited of Guangdong	Bonke Kitchen & Sanitary Industrial Co., Ltd.	59.06%
Zhongshan Newecan Enterprise Development Corporation	Zhongshan Xintian Hardware Co., Ltd.	59.06%
Zhuhai Kohler Kitchen & Bathroom Products Co., Ltd.	Zhuhai Kohler Kitchen & Bathroom Products Co., Ltd.	59.06%
PRC-Wide Rate*		76.53%

* This rate also applies to Jiangmen Liantai Kitchen Equipment Co., Jiangmen Xinhe Stainless Steel Product Co., Ltd., Kele Kitchenware Co., Ltd., Capstone International Development Corporation, and Foshan Fancome Trading Co., Ltd.

Disclosure and Public Comment

We will disclose the calculations performed to parties in this proceeding within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than seven days after the date on which the final verification report is issued in this proceeding and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.² A table of contents, list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes.

Interested parties, who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, filed electronically using Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System ("IA ACCESS"). An electronically filed document must be received successfully in its entirety by the Department's electronic

² See 19 CFR 351.309.

records system, IA ACCESS, by 5:00 p.m. Eastern Standard Time, within 30 days after the date of publication of this notice.³ Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

For the final determination in this investigation interested parties may submit publicly available information to value the FOPs within 40 days after the publication of this preliminary determination.⁴

Pursuant to requests from interested parties, we are postponing the final determination and extending the provisional measures from a four-month period to not more than six months. Accordingly, we will make our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.

Suspension of Liquidation

In accordance with section 733(d) of the Act, the Department will instruct U.S. Customs and Border Protection ("CBP") to suspend liquidation of all entries of drawn sinks from the PRC, as described in the "Scope of the Investigation" section, entered, or withdrawn from

³ See 19 CFR 351.310(c).

⁴ See 19 CFR 351.301(c)(3)(i). In accordance with 19 CFR 351.301(c)(1), for the final determination of this investigation, interested parties may submit factual information to rebut, clarify, or correct factual information submitted by any other interested party less than ten days before, on, or after, the applicable deadline for submission of such factual information. However, the Department notes that 19 CFR 351.301(c)(1) permits new information only insofar as it rebuts, clarifies, or corrects information recently placed on the record. The Department generally will not accept the submission of additional, previously absent-from-the-record alternative surrogate value information. See *Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part*, 72 FR 58809 (October 17, 2007), and accompanying Issues and Decision Memorandum at Comment 2. Additionally, for each piece of factual information submitted with surrogate value rebuttal comments, the interested party must provide a written explanation of what information that is already on the record of the ongoing proceeding the factual information is rebutting, clarifying, or correcting.

warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*.

Pursuant to 19 CFR 351.205(d), the Department will instruct CBP to require a cash deposit equal to the weighted-average amount by which NV exceeds U.S. price, adjusted where appropriate for export subsidies and estimated domestic subsidy pass-through,⁵ as follows: (1) the separate rate margin for the exporter/producer combinations listed in the table above will be the rate the Department has determined in this preliminary determination; (2) for all combinations of PRC exporters/producers of merchandise under consideration which have not received their own separate rate AD margin above, the cash-deposit rate will be the cash deposit rate established for the PRC-wide entity; and (3) for all non-PRC exporters of merchandise under consideration which have not received their own separate rate above, the cash-deposit rate will be the cash deposit rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter.

We have adjusted the preliminary determination AD margins for export subsidies and estimated domestic subsidy pass-through as follows:⁶

- 1) For Superte and Dongyuan, mandatory respondents each receiving their own calculated AD margin, we reduced their respective cash deposit rates by the respective export subsidies and estimated domestic subsidy pass-through determined for each of these respondents in the companion countervailing duty (“CVD”) proceeding.⁷

⁵ See sections 772(c)(1)(C) and 777A(f) of the Act, respectively. Unlike in administrative reviews, the Department calculates the adjustment for export subsidies in investigations not in the margin calculation program, but in the cash deposit instructions issued to the CBP. See *Notice of Final Determination of Sales at Less Than Fair Value, and Negative Determination of Critical Circumstances: Certain Lined Paper Products from India*, 71 FR 45012 (August 8, 2006), and accompanying Issues and Decision Memorandum at Comment 1.

⁶ See Preliminary Decision Memorandum.

⁷ See *Id.*

- 2) For exporter/producer combinations receiving a separate AD margin based on the rates calculated for the mandatory respondents in the AD determination, we reduced the AD cash deposit rate by the lesser of a) the export subsidy rate applicable to each exporter or b) the average of the export subsidy rates applicable to the mandatory respondents on which the separate rate in the AD determination is based.⁸

Additionally, pursuant to section 777A(f) of the Act, we further reduced the AD cash deposit rate by the estimated domestic subsidy pass-through contained in the AD separate rate margin, capped by the corresponding domestic subsidy determined for the exporter in the companion CVD proceeding.

- 3) For the PRC-wide entity, which received an adverse facts available rate based on information contained in the Petition, as an extension of the adverse inference found necessary pursuant to section 776(b) of the Act, the Department has adjusted the PRC-wide entity's AD cash deposit rate by the lowest export subsidy rate and the lowest estimated domestic subsidy pass-through determined for any party in the companion CVD proceeding.

These cash deposit instructions will remain in effect until further notice.

International Trade Commission ("ITC") Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our preliminary affirmative determination of sales at LTFV. Section 735(b)(2) of the Act requires the ITC to make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of drawn sinks, or

⁸ See *Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances*, 77 FR 17021, 17026 (March 23, 2012); *Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations*, 76 FR 61042 (October 3, 2011). See also Preliminary Decision Memorandum.

sales (or the likelihood of sales) for importation, of the merchandise under consideration within 45 days of our final determination.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Paul Piquado
Assistant Secretary
for Import Administration

September 27, 2012_____
Date

List of Topics Discussed in the Preliminary Decision Memorandum:

1. Initiation
2. Period of Investigation
3. Postponement of Preliminary Determination
4. Scope of the Investigation
5. Scope Comments
6. Non-Market Economy Country Status
7. Selection of Respondents
8. Postponement of Final Determination and Extension of Provisional Measures
9. Surrogate Country
10. Surrogate Value Comments
11. Separate Rates
 - a. Separate Rate Recipients
 - b. Companies Not Receiving a Separate Rate
12. Margin for the Separate Rate Companies
13. Combination Rates
14. The PRC-wide Entity
15. Application of Facts Otherwise Available and Adverse Facts Available
16. Corroboration of Information
17. Date of Sale
18. Fair Value Comparisons
19. Export Price
20. Normal Value
21. Factor Valuations Methodology
22. Determination to Apply an Alternative Methodology
23. Currency Conversion
24. Verification
25. Double Remedies Offset
26. International Trade Commission Notification
27. Conclusion